



TEXAS OIL & GAS

TEXAS
WIDE OPEN
FOR BUSINESS

Texas leads the nation in petroleum refining and chemical products production and is a global leader in the closely related petrochemical industry. The current global oil production glut and low oil prices have impacted recent Texas production, however, oil prices are now on the rise.

The Lone Star State has learned its lessons since the oil and natural gas downturn in the early 1980s. Thanks to the diversification of the state's economy, banking and real estate reforms, and the momentum pushing it ahead, Texas currently enjoys growth opportunities not seen in other oil and gas producing states. Overall Texas revenues are now less dependent on oil and gas.

While Texas' oil and gas taxes make up under ten percent of general revenues, they are much higher in other major production states. Alaska is almost 80 percent while in North Dakota is over 46 percent.

" Our [state] economy is totally different than it was back then, it is totally diversified, and the national laws that govern commercial real estate investment are changed."

- Richard Fisher, former President of the Federal Reserve Bank of Dallas, February 16, 2015

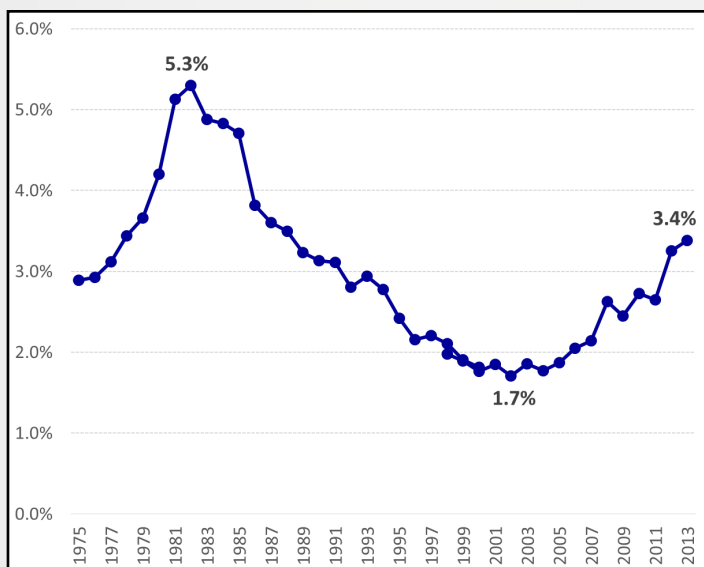
Texas Oil & Gas Statistics

	1981	2014
Mining Industry* Percent of GDP	19.3%	13.5% **
Percent of Non-Farm Employment in the Mining Industry	4.5%	2.7%
Oil & Natural Gas Taxes as a Share of All State Revenues	17.2%	5.5%
Oil & Gas as a Share of All State Revenues	28.3%	11.3%

**Oil & gas accounts for most of the mining industry
**2013 (most recent data available)*

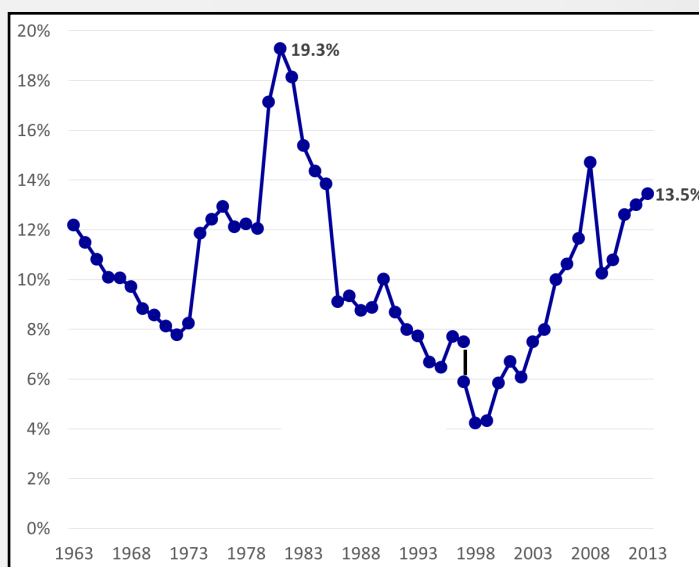
Texas Oil & Gas Employment as a Share of Total Nonfarm Jobs

In 2013, the latest data available, there were approximately 515,000 industry jobs representing just 3.4 percent of nonfarm jobs, down from the 1982 peak of 5.3 percent.



Texas Mining as a Share of Gross State Product

In 2013, the latest data available, mining (primarily oil and gas) accounted for 13.5 percent of the state's Gross State Product, down from the 1982 peak of 19.3 percent.



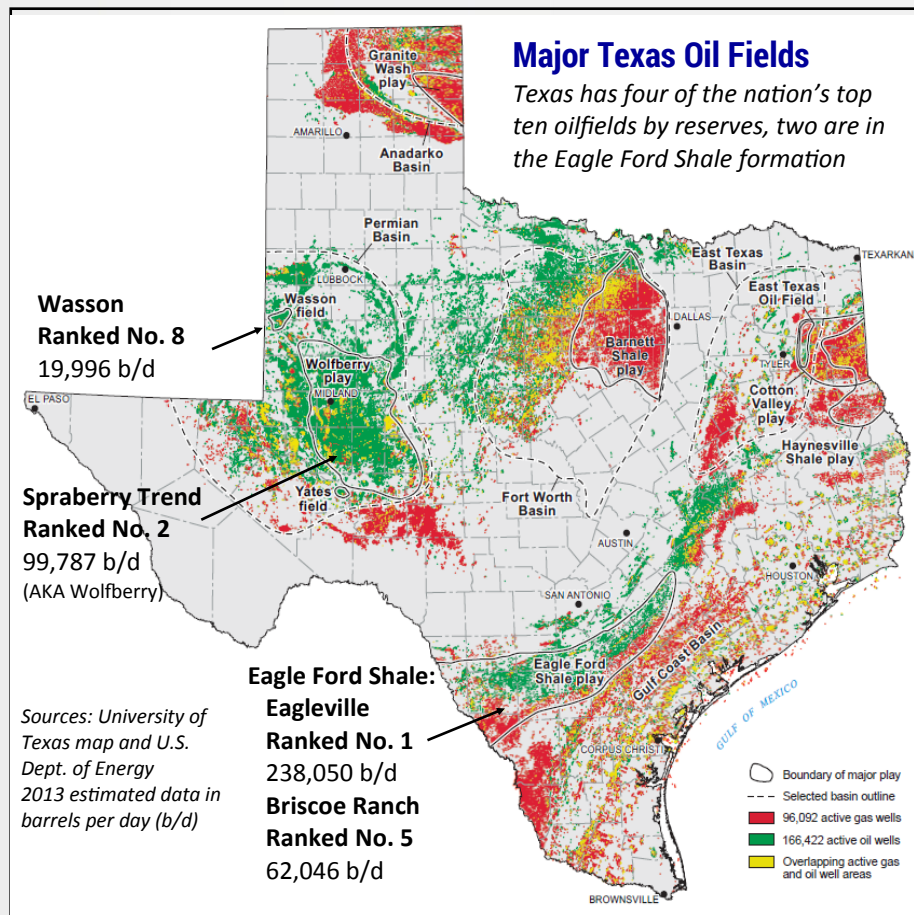
Charts Source: US Bureau of Economic Analysis



Major Companies Operating in Texas (By 2014 Revenues in Billions)

Many of the world's largest oil & gas-related companies have operations in Texas, including 33 of the energy-related companies on the 2014 Fortune 1000 list. Furthermore, the state had approximately 140 oil & gas investment projects worth over \$43.9 billion between 2003 and 2014.

Company	Location(s)	Revenues	Parent Country
Dutch Royal Shell	Houston	\$431.3	Netherlands
Exxon Mobil	Irving, Baytown, etc.	\$411.9	U.S.
Petrochina	Houston	\$369.4	China
Saudi Arabian Oil Co. (Saudi Aramco)	Houston	\$311	Arabia
Total SA	Houston, Port Arthur, etc.	\$212	France



Top Statistics

- ◆ Texas is the nation's leading crude oil-producing state, at over 96.8 million barrels/month or 3.2 million barrels/day (b/d) (Feb. 2015)
- ◆ If Texas were a nation, it would have ranked No. 9 for oil production in 2014, with almost 3.2 million b/d
- ◆ The state's 27 refineries lead the nation with a capacity of over 5.1 million b/d, accounting for 29% of total U.S. refining
- ◆ Houston is the Energy Capital of the World: the city is home to over 5,000 energy-related companies

Recent Industry Trends

- Texas field production fell in early 2015 as a result of increasing industry efficiencies, and not just the global oil glut
- Gov. Greg Abbott signed HB 40 into law in May 2015, preempting regulation of oil and gas activity at the city level and placing that duty with the state, ensuring that any local regulation of surface activity is commercially reasonable and does not effectively prohibit an oil and gas operation